



Northumberland

County Council

CABINET

24 May 2019

Financial Performance 2018/19 Provisional Outturn

Report of Annabel Scholes, Interim Executive Director of Finance

Cabinet Member: Nicholas Oliver, Portfolio Holder for Corporate Services

1. Purpose of report

- 1.1 The purpose of this report is to provide members of Cabinet with the Council's 2018/19 provisional outturn position for both Revenue and Capital, and details of the movement in reserves and provisions.

2. Recommendations

2.1 Members are requested to:

- note the report.
- note the creation of a reserve funded from the in-year underspend set aside to fund the feasibility costs of the next stage of the business case for the Newcastle Northumberland Rail Line totalling £3.460 million as approved by the Full Council on 1 May 2019.
- note the underspend of £11.238 million.
- approve the following use of the underspend:

- Active Northumberland contribution of £0.300 million.

Due to changes in the financial assumptions used to set the 2018/19 Active Northumberland (AN) budget and positive actions within AN, which have reduced the outturn losses to £0.300 million, Cabinet is requested to consider a one off increase in the management fee of the equivalent value.

- Increase in the Provision for Equal Pay of £1.843 million

An increase to the Equal Pay provision of £1.843 million is requested. This will cover HMRC liabilities totalling £2.764 million, consisting of employers tax contributions £1.873 million, penalty payment £0.570 million and interest payment of £0.321 million.

- Creation of a reserve for legal fees of £1.000 million

The creation of a reserve of £1.000 million to fund the legal fees required to secure the Council's interests in a number of ongoing disputes.

- note the balance of £8.095 million remaining:

	£m
2018/19 Underspend	11.238
- Contribution to Active Northumberland	0.300
- Equal Pay Provision to cover HMRC liability	1.843
- Reserve for legal fees	1.000
Balance Available	8.095

- approve the transfer of the balance on the General Fund (provisional figure £8.095 million) to the Council Transformation Fund Reserve.
- note the level of reserves at 31 March 2019 are £238.541 million as detailed in Appendix A.
- note the level of provisions at 31 March 2019 are £9.676 million as detailed in Appendix A.
- approve reprofiling of £18.343 million to the capital medium term financial plan which is in addition to £81.027 million that was approved by Council on 20 February 2019 as part of the 2019-2022 Medium Term Financial Plan.
- authorise the Interim Executive Director of Finance (Section 151 Officer) to finalise the outturn figures once the Statement of Accounts has been prepared in consultation with the Portfolio Holder for Corporate Services.

3. Link to Corporate Plan

- 3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2018-21 "A Council that Works for Everyone".

4. Key issues

4.1 Overall Position

- 4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of the financial year 2018/19. The Council set its budget for 2018/19 on 21 February 2018 and this report focuses on the actual performance during 2018/19.
- 4.1.2 The Council is required to publish and submit its finalised statement of accounts for external audit inspection by 31 May 2019. Work is ongoing to finalise the accounts for presentation to the Audit Committee, as the Council's nominated Committee, at its July meeting. This report sets out for Cabinet's consideration, in advance of

publication, an outturn position relating to the General Fund revenue and capital accounts of the Council; and, its Housing Revenue Account.

- 4.1.3 During 2018/19 the Cabinet has received updates during the year on the Council's financial position. The final position if all recommendations are approved is a net General Fund underspend of £8.095 million.

5. Revenue Provisional Outturn 2018/19

- 5.1 The Council's revenue outturn position within each service area is shown at Appendices B to L (figures in brackets denote an underspend). A summary of the position for each service is contained within the report.

- 5.2 The Council's overall annual revenue spend has been managed across a number of areas:

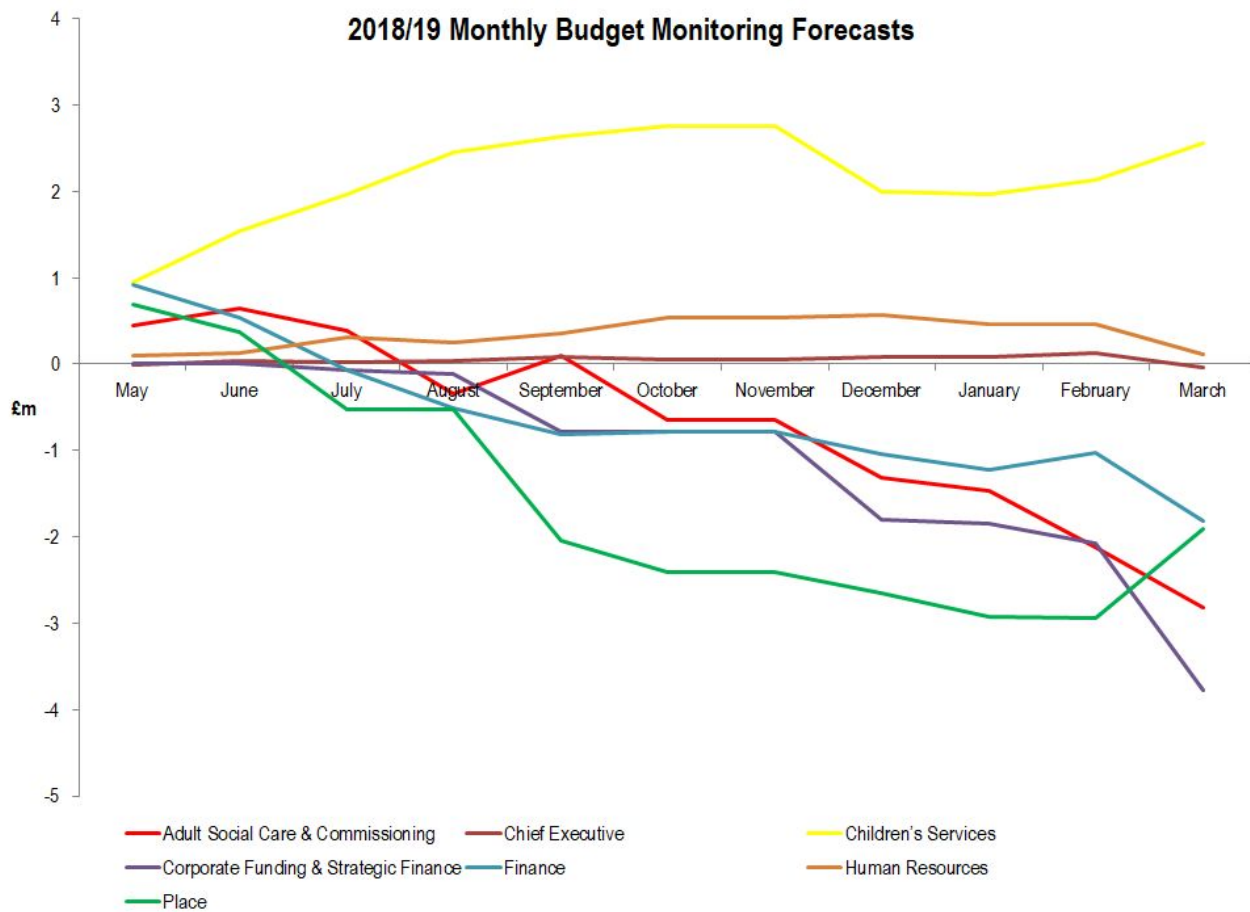
- a. The General Fund with a final net budget of £346.721 million, providing revenue funding for the majority of the Council's services;
- b. The Dedicated Schools Grant (DSG) of £149.683 million in 2018/19, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children's Services Directorate;
- c. Public Health, a ring-fenced grant of £16.226 million in 2018/19, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within the Adult Services Directorate;
- d. The Housing Revenue Account (HRA) with gross expenditure of £35.824 million in 2018/19, is ring-fenced, and reported separately from the General Fund, and is managed within the Place Directorate.

6. General Fund

6.1 The following table provides a summary of how each directorate performed against the revised General Fund revenue budget for the 2018/19 financial year:

Service	Base Budget £m	Final Budget £m	Actual £m	Variance £m
Adult Social Care & Commissioning	89.302	93.862	91.039	(2.823)
Chief Executive	0.670	0.815	0.775	(0.040)
Children's Services	48.693	58.818	61.378	2.560
Finance	33.720	52.826	51.011	(1.815)
Human Resources	13.741	21.523	21.641	0.118
Place	55.219	76.578	74.676	(1.902)
Total Services	241.345	304.422	300.520	(3.902)
Corporate Expenditure and Income	52.209	42.299	38.530	(3.769)
Total Net Expenditure on Services	293.554	346.721	339.050	(7.671)
Budget funded by:				
Council Tax	(179.749)	(179.749)	(179.749)	0.000
Retained Business Rates (including S31 Grants)	(47.411)	(47.411)	(51.084)	(3.673)
Top Up Grant	(26.444)	(26.444)	(26.486)	(0.042)
Revenue Support Grant	(18.990)	(18.990)	(18.990)	0.000
Other Corporate Grants	(17.725)	(17.725)	(17.577)	0.148
Use of Strategic Management Reserve	(3.235)	(3.235)	(3.235)	0.000
Amortisation of Government Grants	0.000	(53.167)	(53.167)	0.000
Total Funding of Services	(293.554)	(346.721)	(350.288)	(3.567)
Net Total	0.000	0.000	(11.238)	(11.238)

6.2 A detailed analysis for each service is provided at Appendices B - L. The following chart provides a trend analysis of the forecast outturn, by directorate over the year:



7. Adult Services - £2.823 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Adult Services	181.088	(87.226)	93.862	91.039	(2.823)
Outturn position forecast at month 9 - end of December					(1.317)
Change in Forecast - increase in the underspend					(1.506)

7.1 There has been an increase in the outturn underspend position of £1.506 million since the period 9, end of December 2018 report. The summary below highlights the significant movements within each area:

Movement in Variance	£m
Commissioned Services	(1.245)
Other Adult Services headings	(0.261)
Total Movement in Adult Services	(1.506)

The movement in the forecast position for Adult Services is outlined below:

- a. £0.500 million of the additional Social Care grant received was previously earmarked to fund potential new pressures within Commissioned Care. The expected level of pressure did not materialise and the grant funding was fully utilised against existing pressures.
- b. The level of Commissioned Care commitments reduced by £0.525 million.
- c. Northumberland CCG advised in January 2019 that the service would receive recurrent funding of £0.220 million from the NHS England Learning Disability Transforming Care Fund. This was used to partially offset existing pressures within service. This is additional funding for Adult Services for 2019/20 which will be compensation to cover the additional costs.
- d. The remaining increase in the underspend comprises a number of small variances.

8. Chief Executive - £0.040 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Chief Executive	1.115	(0.300)	0.815	0.775	(0.040)
Outturn position forecast at month 9 - end of December					0.088
Change in Forecast - reduction to the overspend					(0.128)

8.1 There has been a decrease in the outturn overspend position of £0.128 million since the period 9, end of December 2018 report. There are no significant variances to report between December and the end of the financial year.

9. Children's Services - £2.560 million overspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Children's Services	284.644	(225.826)	58.818	61.378	2.560
Outturn position forecast at month 9 - end of December					2.000
Change in Forecast - increase in the overspend					0.560

- 9.1 There has been an increase in the outturn overspend position of £0.560 million since the period 9, end of December 2018 report. The summary below highlights the movements within each area:

Movement in Variance	£m
Family Placement	0.490
Looked after Children	0.313
Other Children's Social Care headings	(0.525)
Total Movement in Children's Social Care	0.278
School Organisation	0.242
Other Education & Skills headings	0.040
Total Movement in Education & Skills	0.282
Total Movement in Children's Services	0.560

The movement in the forecast position for Children's Services is outlined below:

- a. There was a rise in the forecast overspend on both in-house foster carers of £0.084 million and on Independent Fostering Agencies of £0.076 million. Adoption agency fees are incurred when a Northumberland looked after child is placed for adoption with another local authority or through an external body and the overspend on fees increased by £0.103 million, as more children were successfully placed than anticipated.
- b. There has been an increase in the forecast overspend on the running costs across all of the Children's residential homes including Kyloe House secure unit of £0.171 million. Additional employee expenditure was also incurred across the service area totalling £0.141 million. This is largely attributable to the opening of the 'step down' unit at Kyloe House which incorporates two additional beds. The additional costs were incurred prior to the step down unit opening on 12 March 2019, after which income has started to be generated. The 2019/20 bed prices have been revised based on an average number of pupils. However, it is anticipated that there will be additional pupils and income expectations will be exceeded. Although there is an increase in costs between the position reported in December and the

provisional outturn, Kyo House generated income in excess of budget totalling £0.598 million during the year.

- c. The remaining increase in the overspend comprises a number of minor variances.

10. Finance - £1.815 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Finance	149.415	(96.589)	52.826	51.011	(1.815)
Outturn position forecast at month 9 - end of December					(1.047)
Change in Forecast - increase in the underspend					(0.768)

- 10.1 There has been an increase in the outturn underspend position of £0.768 million since the period 9, end of December 2018 report. The summary below highlights the movements within each area:

Movement in Variance	£m
Revenues & Benefits	(0.232)
Procurement	(0.329)
Information Services	0.832
Fire & Rescue	0.304
Strategic Property	(1.339)
Other Finance headings	(0.004)
Total Movement in Finance	(0.768)

- a. Revenues & Benefits forecast underspend position increased by £0.232 million due to an increase in the recovery of Housing Benefit overpayments of £0.111 million and an underspend on computer software of £0.106 million.
- b. The Procurement forecast underspend position increased by £0.329 million due to the receipt of additional feed-in tariff income totalling £0.228 million.
- c. The Information Services forecast overspend position increased by £0.832 million mainly due to the switch in funding for consultants fees for the migration to Oracle Cloud based service of £0.595 million and service redundancy payments of £0.070 million.
- d. The Fire & Rescue overspend position increased by £0.304 million in the main due to backdated Firefighters' Injury Pension payments of £0.124 million and an overspend on computer software costs of £0.097 million.
- e. The Strategic Property forecast underspend increased by £1.339 million due largely to the return of a surplus repair and maintenance provision of £1.648 million following the settlement of a claim for dilapidation repairs as approved by Cabinet on 11 December 2018; offset by a £0.248 million increase in the

forecast overspend on repair and maintenance budgets across all Council buildings.

- f. The remaining increase in the underspend position comprises a number of small variances.

11. Human Resources & OD - £0.118 million overspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Human Resources & OD	25.688	(4.165)	21.523	21.641	0.118
Outturn position forecast at month 9 - end of December					0.571
Change in Forecast - reduction to the overspend					(0.453)

- 11.1 There has been a decrease in the outturn overspend position of £0.453 million since the period 9, end of December 2018 report. This is largely due to external legal fees now being funded corporately.

12. Place - £1.902 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Place	138.739	(62.161)	76.578	74.676	(1.902)
Outturn position forecast at month 9 - end of December					(2.655)
Change in Forecast - reduction in the underspend					0.753

- 12.1 There has been a decrease in the outturn underspend position of £0.753 million since the period 9, end of December 2018 report. The following summary highlights the movements within each area:

Movement in Variance	£m
Planning	(0.308)
Technical Services	1.465
Other Place headings	(0.404)
Total Movement in Place	0.753

- a. The underspend for Planning has increased by £0.308 million mainly due to the withdrawal of the planning application for Dissington Garden Village in January 2019 which meant that £0.150 million of the £0.200 million that had been included in the budget was not required. Additional S38/278 income of £0.216 million not originally anticipated was received.
- b. There has been a significant movement in the position for Technical Services which is summarised below:
- The budget for winter services has overspent by £0.740 million compared to a nil forecast in December. Despite a relatively mild winter; due to individual daily conditions and low confidence forecasts where temperatures are likely to be at or around freezing, there have been more gritting runs than during an average winter. Over the winter period there has also been 1 major county-wide snow event and a further 3 snow events covering both the north and the west of the County which required farmer and contractor assistance. Together these events resulted in expenditure of £0.200 million being incurred. There has also been additional legacy costs from the previous severe winter in terms of haulage and labour costs relating to the replenishment of salt stocks (£0.250 million) and additional fleet and gritter refurbishment costs (£0.300 million).
 - The forecast overspend for highways maintenance has increased by £0.494 million. Following the significant deterioration of the road network as a result of the severe winter in the previous financial year there has been additional expenditure on potholes. There has also been additional spending of £0.237 million on a combination of emergency incidents (where cost recovery has not been possible) and, additional traffic management costs for events; and, highway tree maintenance, which cannot be recharged. The contract in relation to the A69 has achieved a surplus of £0.105 million but this is less than the expected budgeted surplus of £0.222 million by £0.117 million. This is mainly due to £0.090 million of costs incurred in March 2019 for on-going schemes which will be reimbursed by Roadlink in 2019/20 and will be included in the final outturn.
 - The forecast overspend for construction has increased by £0.393 million. There has been a shortfall in the recovery of labour costs mainly in relation to the capital programme. This is due to a variety of issues including higher levels of sickness than included in the budget. Significant issues were experienced with the new software implementation which combined with the complex interactions of capital and revenue within the accounts affected the ability to forecast the outturn accurately earlier in the year. These issues have now been rectified.

There will be a review of this area of the business which will include an assessment of the recovery rates for 2019/20; and, the processes followed when expenditure is recharged to capital. This will ensure that in the future if these issues re-occur they can be identified and forecasts updated in a timely manner.

13. Other Corporate Expenditure & Income - £7.336 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Other Corporate Expenditure & Income	101.717	(59.418)	42.299	38.530	(3.769)
Corporate Funding	0.000	(346.721)	(346.721)	(350.288)	(3.567)
Total	101.717	(406.139)	(304.422)	(311.758)	(7.336)
Outturn position forecast at month 9 - end of December					(1.801)
Change in Forecast - increase in the underspend					(5.535)

- 13.1 There has been an increase in the outturn underspend position of £5.535 million since the period 9, end of December 2018 report. The summary below highlights the movements within each area:

Movement in Variance	£m
Corporate Items	(1.828)
Capital Financing	(1.093)
Corporate Funding	(2.542)
Other service headings	(0.072)
Total Movement in Other Corporate Expenditure & Income	(5.535)

- a. The Corporate Items forecast reduced by £1.828 million due largely to a movement in the forecast underspend on the contingency budget of £1.600 million.
- b. There was a significant movement in the Capital Financing forecast due to a reduction of £1.013 million in the Minimum Revenue Provision (MRP) charge for 2018/19 comprising an increased MRP cost of £0.300 million as a result of the 2017/18 Capital Financing Requirement (CFR) being higher than previously budgeted; and, a non recurrent reduction following a review carried out by Link Asset Services in relation to historic MRP charges of £0.753 million.
- c. The movement in the Corporate Funding position relates to additional Section 31 grants due to the Council of £1.580 million in relation to Business Rates;

along with a surplus on the income retained in relation to renewable energy of £1.095 million.

- d. The remaining increase in the underspend position comprises a number of small variances.

14. Ring-fenced Accounts - Dedicated Schools' Grant (DSG) - £1.236 million overspend

- 14.1 In 2018/19, the Council received £149.683 million Dedicated Schools' Grant, which is ring-fenced and passported through to fund schools; with an element retained centrally by the Council to provide a range of support to Schools. Schools that have transferred to academy status receive their funding directly from the Department for Education – this amounted to a further £82.470 million in 2018/19.
- 14.2 There continues to be funding pressure against the high needs block, which has contributed towards the overall deficit of £2.040 million. The net deficit is reduced by other underspends of £0.804 million across all other blocks within the DSG.
- 14.3 In conjunction with Schools' Forum, further work is ongoing to mitigate against further rises by reviewing the demand for special schools places and the use of independent special schools, provision of alternative learning provision and resource base funding.
- 14.4 Due to reductions in schools' funding, and inflationary pressures, the level of schools financial surpluses have reduced and many of the Northumberland schools will need to devise and implement an action plan and undertake a programme of change in order to ensure a balanced budget position for 2019/20.

15. Ring-fenced Accounts - Public Health

- 15.1 Public Health service received grant funding of £16.226 million in 2018/19. This funding is ring-fenced for the provision of services to improve the health of the local population and reduce health inequalities.
- 15.2 The terms of the grant allow unspent allocations to be carried over into the next financial year. Public Health will carry forward a reserve of £5.214 million to financial year 2019/20; £4.297 million carried over from previous years underspends and £0.917 million from the 2018/19 allocation.
- 15.3 The 2019/20 grant funding allocation is £15.798 million. Part of the Public Health reserve will be used to ensure that there is no impact on service delivery despite the reduction in grant funding. In addition, further expenditure will be incurred to support commitments reallocated from Adult Social Care.

16. Ring-fenced Accounts - Housing Revenue Account (HRA) £2.696 million underspend

2018/19 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
HRA	35.824	(36.564)	(0.740)	(3.436)	(2.696)
Outturn position forecast at month 9 - end of December					(1.742)
Change in Forecast - reduction in the underspend					(0.954)

16.1 The HRA is underspent by £2.696 million compared to £1.742 million forecast at period 9. The underspend is a result of the following:

- a. Reduction in interest payable on HRA loans of £0.258 million due to PWLB interest rates being lower than anticipated.
- b. Reduction in the contribution for the provision of bad debts of £0.171 million due to the delay in roll-out of Universal Credit across Northumberland. Currently only new tenants and existing tenants with a change in circumstances are being enrolled on to the new benefit.
- c. Increase in interest receivable on HRA Balances of £0.168 million; the previous estimate being based on lower anticipated balances.
- d. Underspend within General Management of £0.163 million including staff training, service subscriptions, hired services, external audit fees and printing and stationery.
- e. Underspend on Housing Capital Works of £0.138 million due to an increase in the activity of the in-house capital delivery teams and subsequent recovery from the Capital Programme.

17. CAPITAL PROGRAMME

17.1 The capital programme changed during the year as the phasing of schemes was reviewed (£81.027 million reprofiled into later years) and approvals (£33.102 million) for additional schemes and resourcing were agreed.

17.2 The following table sets out the Capital Outturn position for 2018/19 by Service:

Directorate/Service	2018/19 Approved Budget Full Council 20.02.18	Approved Adjustments	Revised 2018/19 Budget	Outturn	Variance	Over/ (Under spend)	Requested Reprofiling
	£m	£m	£m	£m	£m	£m	£m
Arch (now Advance)	13.943	(12.331)	1.612	1.822	0.210	(0.052)	0.262
Finance	30.490	8.737	39.227	32.586	(6.641)	(1.091)	(5.550)
IT	7.336	(2.822)	4.514	3.800	(0.714)	(0.181)	(0.533)
Leisure Services	6.769	(5.729)	1.040	1.130	0.090	0.026	0.064
Regeneration	2.473	(1.173)	1.300	1.263	(0.037)	0.192	(0.229)
Property Services	2.170	(1.721)	0.449	0.889	0.440	0.062	0.378
Strategic Estates	6.413	(4.184)	2.229	3.167	0.938	(0.327)	1.265
Renewable Energy	1.000	2.356	3.356	1.868	(1.488)	0.010	(1.498)
Fire & Rescue	1.543	(0.055)	1.488	0.843	(0.645)	0.014	(0.659)
Neighbourhood Services	12.293	(3.017)	9.276	8.512	(0.764)	(0.488)	(0.276)
Technical Services	37.930	14.915	52.845	44.477	(8.368)	(0.080)	(8.288)
Housing - GF	1.856	(1.661)	0.195	0.185	(0.010)	-	(0.010)
Housing - HRA	10.890	(0.690)	10.200	10.220	0.020	(0.080)	0.100
Planning & Development	6.400	(3.223)	3.177	-	(3.177)	(1.500)	(1.677)
Adult Services	1.118	1.915	3.033	2.808	(0.225)	0.228	(0.453)
Schools	59.851	(36.629)	23.222	22.061	(1.161)	0.078	(1.239)
Total Programme	202.475	(45.312)	157.163	135.631	(21.532)	(3.189)	(18.343)
Financed by:							
External Grants	55.494	5.544	61.038	48.102	(12.936)	(1.295)	(11.641)
Capital Receipts	6.008	-	6.008	8.917	2.909	2.909	-
GF Revenue Contributions	-	5.945	5.945	5.945	-	-	-
HRA Contributions	10.478	-	10.478	9.528	(0.950)	(1.087)	0.137
GF Borrowing	130.495	(56.801)	73.694	63.139	(10.555)	(3.716)	(6.839)
Total Financing	202.475	(45.312)	157.163	135.631	(21.532)	(3.189)	(18.343)

17.3 The total expenditure on capital investment for the financial year 2018/19 was £135.631 million. This was £66.844 million less than the original budget of £202.475 million approved by Council on 21 February 2018. It is 86.30% of the Revised Budget (66.99% of the original budget). The major areas of capital investment were as follows:

- a. £35.266 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
- b. £28.770 million invested in the commercial, development and housing related activities with Advance Northumberland.
- c. £22.061 million invested in school buildings, including the commencement of the construction of new schools at Morpeth and Ponteland.
- d. £10.034 million invested in the Council's housing stock.
- e. £7.572 million invested in fleet replacement.

17.4 There is a net underspend of £21.532 million across the 2018/19 Capital Programme. The following is a summary of the significant variances:

- a. Advance Northumberland - £0.262 million
 - reprofiling requested due to a delay in the East Sleekburn Enterprise Zone project (£0.300 million) commencing;
 - reprofiling requested in relation to the Ashington North East Quarter Redevelopment where added costs to infrastructure works have resulted in additional spend requiring acceleration of the budget from future years. (£0.562 million).
- b. Finance - £5.550 million
 - reprofiling requested as the payments in relation to the Enterprise Zones at Bates (£2.950 million) and Ashwood (£2.600 million) have not yet been made. Works are progressing and it is expected that these payments will be made during 2019/20.
- c. Finance - £1.091 million underspend
 - The budget for loans to external organisations was underspent by £1.091 million.
- d. Information Technology - £0.533 million
 - reprofiling requested due to the majority of the work in relation to the implementation of Microsoft 365 (£0.474 million) commencing in 2019/20.
- e. Regeneration - £0.229 million
 - reprofiling requested due to the continuation of the Local Growth Fund Project that will complete in March 2020.

- f. Strategic Estates - £1.265 million
- reprofiling requested from 2019/20 allocation. Expenditure has been incurred earlier than expected due to the on-going refurbishment of County Hall, with progress being made faster than originally anticipated (£0.725 million)
 - reprofiling requested from 2019/20 allocation in relation to Alnwick Playhouse (£0.404 million). Work has progressed faster than expected with building works commencing in September 2018 and an anticipated completion of August 2019.
- g. Renewable Energy Programme - £1.498 million
- reprofiling requested due to a number of schemes commencing during 2018/19 with expected completion dates in 2019/20. Schemes include Bellingham Fire Station, Allendale Fire Station and the Waste Transfer sites.
- h. Fire and Rescue - £0.659 million
- reprofiling requested due to the replacement of Fire Appliances (£0.677 million). Two vehicles were purchased during 2018/19 which were of a different specification to appliances previously used. Once these have been utilised satisfactorily in the fleet for a period of six months then a further order will be placed with the same specification.
- i. Neighbourhood Services - £0.488 million underspend
- a number of vehicles had originally been identified for replacement. However, following a further review fewer vehicles than originally identified were required (£0.206 million);
 - the cost of the vehicle tracking system was lower than anticipated due to a rationalisation of the scope and savings achieved through the procurement process (£0.235 million).
- j. Technical Services - £8.288 million
- reprofiling requested due to schemes in the Local Transport Plan being carried over into 2019/20 for completion (£5.822 million). An additional £7.732 million was received in the Autumn of 2018 and was used to enhance the original programme.
 - reprofiling requested for the upgrade of car parks (£1.993 million) throughout the County. Work has commenced and although Heads of Terms were agreed for the Hexham Bunker site and a scheme identified for Amble. The acquisition and construction works will now be completed in 2019/20.
- k. Planning and Development - £1.677 million
- reprofiling requested due to the continued development of the reintroduction of the Newcastle Northumberland Rail Line. All future

feasibility costs will be funded from a reserve as approved by the Council on 1 May 2019.

- i. Planning and Development - £1.500 million underspend
 - The scheme within the programme for the development of Fisher Lane was included on the basis that grant funding would be secured. However, the funding bid was unsuccessful and consequently the scheme has not progressed. There are no further funding opportunities at the present time.
- m. Adult Services - £0.453 million
 - reprofiling requested in relation to the Disabled Facilities Grant allocation (£0.456 million). The final approved grant allocation was higher than included in the budget.
- n. Schools - £1.239 million
 - reprofiling requested in relation to the Schools Capital Investment Programme Grant (£1.721 million) due to delayed starts on a number of schemes.
 - reprofiling requested in relation to the Basic Needs Grant (£1.740 million). In order to accommodate additional pupils, extra space is required at both Horton Grange and New Delaval Primary schools. Both schemes have been delayed but it is expected that they will complete in July 2019 in time for the new academic year commencing in September.
 - reprofiling requested in relation to the construction of Darras Hall Primary New Build (£1.218 million). Phase 3 of the project, incorporating the demolition of the remaining lower school building, asbestos removal and the formation of the new playing pitch and soft landscaped areas has been delayed. It is expected that the scheme will achieve completion in 2019/20.
 - The following schemes are ahead of schedule and reprofiling of the budget is requested from the 2019/20 allocation to cover the expenditure incurred in 2018/19: Ponteland Secondary School and Leisure Centre (£1.926 million), Morpeth First School (£1.288 million), and Schools Reorganisation West (£0.111 million).

17.5 It is recommended that Cabinet approve a net reprofiling of £18.343 million: £26.214 million from 2018/19 to 2019/20; and £7.871 million from 2019/20 to 2018/19. Total reprofiling of £81.027 million was approved by Council on 20 February 2019 as part of the Medium Term Financial Plan.

18. Capital Receipts

18.1 The level of 2018/19 Capital Receipts available to support the 2018/19 capital programme is £10.523 million (after costs and HRA pooling). The disposal programme has now achieved General Fund gross cash receipts of £5.464 million

in the year and the following table demonstrates the current position with regard to asset disposals:

General Fund Capital Receipts Activity During 2018/19	Actual £m
Completed and available for use in year	5.464
On the market	0.840
Term Agreed	1.997
Contracts exchanged	4.100

18.2 The movement on the capital receipts reserve and the value of capital receipts shown in paragraph 17.2 of £8.917 million to support the capital programme in 2018/19 is shown in the table below:

Useable Capital Receipts Reserve 2018/19	Actual £m
Opening balance	0.786
Proceeds from General Fund new sales in year	5.464
Net impact of long term debtor principal repayments	0.012
Costs of General Fund disposals	(0.133)
Deferred capital receipts proceeds	3.100
Net HRA proceeds	1.294
Capital receipts applied to financing in year	(8.917)
Closing balance	1.606

Implications

Policy	This is the second year of this Administration's Medium Term Financial Plan; and, it fully supports the priorities outlined in the Corporate Plan 2018-21 - A Council that Works for Everyone.
Finance and value for money	The report is of a financial nature and the detail is contained within the body of the report.
Legal	There are no specific legal implications within this report.
Procurement	There are no specific procurement implications within this report.
Human Resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	There are no specific equalities implications within this report.
Risk Assessment	The risks associated with the budget were considered in February 2018 and were considered to be acceptable.
Crime & Disorder	There are no specific crime and disorder implications within this report.
Customer Consideration	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Wards	All wards.

Background papers

Cabinet: 13 February 2018 Medium Term Financial Plan and 2018-22 and Budget 2018/19

Report sign off

	Name
Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & S151 Officer	Annabel Scholes
Relevant Executive Director	Annabel Scholes
Chief Executive	Daljit Lally
Portfolio Holder(s)	Nick Oliver

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Reserves and Provisions

Appendix A

	Balance at 1 April 2018	(Increase)/ Decrease	Proposed Movement	Balance at 31 March 2019
	£m	£m	£m	£m
General Reserves/Balances				
General Fund Reserve	(55.433)	(11.238)	11.238	(55.433)
Total General Reserve	(55.433)	(11.238)	11.238	(55.433)
Ring Fenced Reserves/Balances				
Earmarked Reserves - HRA	(3.477)	0.591	-	(2.886)
HRA	(27.385)	(1.436)	-	(28.821)
HRA Investment Reserve	-	(2.000)	-	(2.000)
Total Ring Fenced Reserves/Balance	(30.862)	(2.845)	-	(33.707)
Specific Reserves/Balances				
Capital Receipts - GF	(0.014)	(0.050)	-	(0.064)
Capital Receipts - HRA	(0.772)	(0.769)	-	(1.541)
Capital Grants Unapplied	(22.339)	(5.536)	-	(27.875)
Total Specific Reserves/Balances	(23.125)	(6.355)	-	(29.480)

Appendix A

	Balance at 1 April 2018	(Increase)/ Decrease	Proposed Movement	Balance at 31 March 2019
	£m	£m	£m	£m
Earmarked Reserves				
ADC Parks and Open Spaces	(0.053)	0.011	-	(0.042)
ADC Section 106 Monies	(0.079)	0.021	-	(0.058)
Balances held by schools	(5.035)	0.225	-	(4.810)
Collingwood Manor Affordable Housing Contribution	(1.200)	1.200	-	-
Community Led Housing	(1.249)	0.150	-	(1.099)
Council Transformation Fund	-	-	(8.095)	(8.095)
Estates Rationalisation	(12.600)	1.255	-	(11.345)
External Legal Support	-	-	(1.000)	(1.000)
Insurance Reserve	(7.227)	(1.036)	-	(8.263)
Invest to Save	(12.298)	1.513	-	(10.785)
Local Authority Mortgage Scheme	(0.425)	-	-	(0.425)
Market Traders Levy	(0.004)	0.004	-	-
NCC Economic Regeneration Reserve	(0.083)	-	-	(0.083)
Northumberland Newcastle Rail Line	-	(3.460)	-	(3.460)
Northumberland Sport	-	(0.355)	-	(0.355)
Planning Delivery Grant	(0.453)	-	-	(0.453)
Regeneration Additional Capacity Reserve	-	(0.660)	-	(0.660)
Regeneration Development Reserves	-	(2.550)	-	(2.550)
Revenue Grants	(9.307)	1.086	-	(8.221)
Rural Growth Network	(0.057)	-	-	(0.057)
School Library	-	(0.025)	-	(0.025)
Section 106 Reserve	(4.428)	(1.385)	-	(5.813)
Severe Weather Reserve	(2.500)	-	-	(2.500)
Social Fund	-	(0.900)	-	(0.900)
Sports Development	-	(0.169)	-	(0.169)
Strategic Management Reserve	(51.988)	5.235	-	(46.753)
Winter Services Reserve	(2.000)	-	-	(2.000)
Total Earmarked Reserves	(110.986)	0.160	(9.095)	(119.921)
Total Usable Reserves	(220.406)	(20.278)	2.143	(238.541)

Appendix A

	Balance at 1 April 2018	(Increase)/ Decrease	Proposed Movement	Balance at 31 March 2019
	£m	£m	£m	£m
Provisions				
Active Northumberland Job Evaluation	-	(0.863)	-	(0.863)
Equal Pay	(0.942)	0.021	(1.843)	(2.764)
Estate Rationalisation	(0.750)	-	-	(0.750)
MMI Liability	(0.078)	-	-	(0.078)
NNDR Appeals	(4.861)	(0.242)	-	(5.103)
Redundancy Costs	(0.316)	0.198	-	(0.118)
Repairs and Maintenance	(4.764)	4.764	-	-
Total Provisions	(11.711)	3.878	(1.843)	(9.676)
Total Reserves and Provisions	(232.117)	(16.400)	0.300	(248.217)

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service
Service: Adult Services

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Commissioned Services	61.156	61.151	(0.005)
In-house Services	10.513	9.946	(0.567)
Care Management	12.421	11.552	(0.869)
Support & Other Services	9.772	8.390	(1.382)
Total Adult Services	93.862	91.039	(2.823)

NOTES - Year End Variances of £0.500 million or more

- **Commissioned Services**

The pressure on the demand for services resulted in an overspend on Commissioned Care of £3.149 million. This was partially offset by a corresponding increase in client contributions of £1.633 million. The overspend was further mitigated by the receipt of £1.521 million additional Social Care Grant. The pressures in Commissioned Care arise from the increasing level of complex care packages; in particular Child Care packages transitioning to Adults; and, Section 117 clients being discharged from long term care into a community setting. The Risk and Independence Team's continuous review of care packages to ensure that clients have the correct level of support to allow them to maintain their independence in their own homes has assisted in controlling the pressure by reducing the level of care committed

- **In-House Services**

There were various non-significant underspends across a variety of non-staffing budgets totalling £0.343 million. In addition, there was an overachievement of income of £0.202 million which primarily relates to funding from Northumberland CCG for the provision of Continuing Health Care and care to clients eligible for S117 funding.

- **Care Management**

Staff turnover within the Care Management Teams has resulted in an underspend of £0.654 million against staffing related budgets. This is consistent with previous years.

- **Support & Other Services**

Staff turnover has resulted in an underspend of £1.093 million against staffing-related budgets.

Note - The difference between the figures shown in the table and the explanations above are made up of a number of minor variations within each area.

The staffing budget for 2019/20 approved as part of the 2019/20 budget on 20 February 2019 included a vacancy factor of £1.200 million in recognition of the level of turnover experienced by the service. This is in addition to the vacancy factor within the budget for 2018/19 of £1.700 million.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Adult Services: Public Health

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Public Health	0.000	0.000	0.000
Northumberland Sport	0.000	0.000	0.000
Total Public Health	0.000	0.000	0.000

NOTES - Year End Variances of £0.500 million or more

- Public Health**

The Public Health carry forward from the 2018/19 grant allocation is £0.917 million. This is made up of various underspends across a variety of budgets. Supplies & Services was £0.616 million underspent primarily due to the level of demand-led services being lower than anticipated. Staffing-related budgets were £0.250 million underspent due to a number of vacant posts which were filled part way through the year.

- Northumberland Sport**

Northumberland Sport is hosted by the Council but is governed by an independent Board which operates under agreed Terms of Reference. The hosting arrangements for Northumberland Sport transferred from Active Northumberland to the Council on 1 June 2018. The reserve balance transferred from Active Northumberland was £0.296 million. This has been carried forward as a ring-fenced reserve along with £0.058 million unspent from the 2018/19 grant allocation from Sport England. The 2018/19 carry forward relates to a number of minor underspends across a variety of budgets.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Chief Executive

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Chief Executive	0.414	0.456	0.042
Briardale Community Centre	0.020	0.020	0.000
Policy Performance & Transformation	0.081	0.099	0.018
Service Development	0.300	0.200	(0.100)
Total Chief Executive	0.815	0.775	(0.040)

NOTES - Year End Variances of £0.500 million or more

There are no significant variances to report within the Chief Executive's budgets.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Children's Social Care

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Adolescent Services	3.426	3.279	(0.147)
Family Placement	9.549	10.580	1.031
Purchase Budgets	2.424	5.666	3.242
Early Intervention and Prevention	4.912	4.400	(0.512)
Local Children's Safeguarding Board	0.129	0.101	(0.028)
Looked after Children	3.471	3.051	(0.420)
Social Work Teams	9.161	8.769	(0.392)
District Admin Offices	0.727	0.560	(0.167)
Family and Disability Services	2.493	2.541	0.048
Safeguarding Standards	1.066	1.134	0.068
Other Children's Services	2.141	1.869	(0.272)
Total Children's Social Care	39.499	41.950	2.451

NOTES - Year End Variances of £0.500 million or more

- Adolescent Services**

Adolescent Services is overspent by £0.325 million as a result of the need to place young people in short term accommodation with significant agency cover (£0.671 million) in support.

There has been additional income generated of £0.428 million by the Northumberland Adolescent service to support their work from health bodies and the National Citizenship Service.

- Family Placement**

There is an overspend of £0.630 million on special guardianship orders and residence orders. The numbers have risen by 15 placements during 2018/19 to 411 as at March 2019.

There is also an overspend of £0.233 million on the cost of independent fostering agency placements. However, demand for placements has reduced by 14 during the year to 53 as at March 2019. The numbers are expected to reduce further in 2019/20 as new placements are kept to a minimum.

NOTES - Year End Variances of £0.500 million or more

- **Purchase budgets**

An overspend of £3.114 million has been incurred on the overall cost of out of county residential care placements. This includes additional agency staff required to support short term placements in emergency accommodation. The number of placements has risen from 31 to 40 places at year end due to a shortage of suitable accommodation or specialist education provision available within the authority.

- **Early Intervention & Prevention**

There is an underspend of £0.369 million on employee expenses across the Children's Centres and the Early Help teams due to a number of vacant posts across the service. The Supporting Families programme has been able to deliver the services efficiently and has underspent by £0.200 million across a combination of employee expenses and commissioned services from within the authority; and, also with external bodies.

- **Looked after Children**

Income generated from other local authorities has exceeded the budget by £0.598 million, mainly due to the purchase of beds at the Kyoie House secure unit.

- **Social Work Teams**

An underspend of £0.377 million has arisen across employee expenses including staff travel, this is due to a combination of staff turnover and it is often proving difficult to fill vacant posts. There was also a delay in appointing staff to the newly created Social Work Academy which was included in the budget for a full year in 2018/19.

Note - The difference between the figures shown in the table and the explanations above are made up of a number of minor variations within each area.

Proactive work is being undertaken with the NHS in relation to securing funding for joint funded placements, of which £0.200 million income has been added to the 2019/20 budget. Negotiations with the NHS currently indicate that it is likely that funding of £1.100 million will be received in 2019/20.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Education & Skills

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Director of Education & Skills	(0.395)	(0.421)	(0.026)
Curriculum & Learning	1.802	1.609	(0.193)
Alternative Education (Virtual Headteacher)	0.474	0.507	0.033
Special Educational Needs & Disability	4.633	4.964	0.331
School Organisation	13.228	13.527	0.299
School Improvement	(0.423)	(0.758)	(0.335)
Total Education & Skills	19.319	19.428	0.109

NOTES - Year End Variances of £0.500 million or more

There are no significant variances within the Education and Skills Service.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Dedicated Schools Grant

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Schools Block	105.848	105.537	(0.311)
Central Schools Block	3.289	3.180	(0.109)
High Needs Block	22.029	24.069	2.040
Early Years Block	16.676	16.329	(0.347)
Grant	(147.842)	(147.879)	(0.037)
Total Dedicated Schools Grant	0.000	1.236	1.236

NOTES - Year End Variances of £0.500 million or more

- **Schools Block**

The contingency budget is used to meet the deficits arising from closed schools. However, as Belford St Mary's Middle School and Netherton Northside First School were approved for closure after budget shares were approved they have been allocated a budget for the full financial year. As a result the contingency budget is underspent by £0.275 million.

- **High Needs Block**

There has been an overspend of £0.907 million on the cost of placements at Independent Special Schools. The number of places commissioned has risen by 50 during 2018/19 to 194 by March 2019. The increase in demand is partly due to a shortage of suitable special school places within the authority and an increase in the number of permanent exclusions for students with an EHCP plan. Special School places have been increased with 67 new places created during the period September 2018 to March 2019.

There is an overspend of £1.123 million on top-up payments to both maintained schools and special schools. This is partly due to the increase in special school places which will all attract a top-up payment, but also due to the shortfall between the High Needs block allocation and the current demands on this area of the grant.

- **Early Years Block**

There has been an underspend on the Early Years team of £0.101 million due to vacancies within the team; and, an underspend on the provision of early years training. There is a further underspend of £0.254 million on the provision of 3 and 4 year olds nursery provision. The funding is based upon the headcount in January of each year and nursery provision has on average been slightly lower in the Summer and Autumn terms resulting in an underspend.

Note - The grant budget of £147.842 million comprised the 2018/19 DSG grant of £149.683 million, less the 2017/18 deficit of £2.062 million, plus an estimate of the additional funding which will be received in June 2019 in relation to the 2018/19 early years block of £0.221 million.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Finance

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Revenues & Benefits	3.034	2.032	(1.002)
Customer Services	1.796	1.577	(0.219)
Procurement	0.478	0.014	(0.464)
Internal Audit	0.448	0.492	0.044
Information Services	6.483	8.035	1.552
Corporate Finance	22.177	21.741	(0.436)
Fire & Rescue	13.689	13.962	0.273
Strategic Property	4.721	3.158	(1.563)
Total Finance	52.826	51.011	(1.815)

NOTES - Year End Variances of £0.500 million or more

- Revenues & Benefits**

An underspend of £1.002 million is mainly attributable to an underspend on salaries of £0.418 million as a result of a number of vacant posts across the service; additional grant income of £0.275 million for new burdens funding; an underspend on the Social Fund of £0.173 million due to a reduction in demand; and the recovery of overpaid benefits of £0.495 million. The staffing savings replace the unachievable saving of £0.279 million relating to shared services. The budget pressure created by this saving has been taken into account in the preparation of the 2019/20 budget.

- Procurement**

An underspend of £0.464 million is mainly attributable to additional one-off procurement rebate income and feed-in tariff income of £0.686 million; offset by a saving of £0.200 million in relation to commercial income which is not achievable this year or recurrently. This has been taken into account in the preparation of the 2019/20 budget.

- Information Services**

An overspend of £1.552 million is mainly attributable to an underachievement of school service level agreement income of £0.290 million; an overspend of £0.229 million in relation to the new data centres in Darlington and Sunderland for one-off set up costs; and expenditure of £0.595 million in relation to consultants fees for the migration to Oracle Cloud based services. In addition, there are staffing savings of £0.165 million from 2017/18 and 2018/19 which have not been achieved and represent an ongoing budget pressure.

NOTES - Year End Variances of £0.500 million or more

- **Corporate Finance**

An underspend of £0.436 million largely relates to staffing vacancies of £0.200 million across the service, an underspend on computer software of £0.073 million and an over-achievement of schools SLA income of £0.131 million.

- **Strategic Property**

An underspend of £1.563 million which is mainly due to the return of a surplus repair and maintenance provision of £1.648 million following the settlement of a claim for dilapidation repairs which was reported to and approved by Cabinet on 11 December 2018.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Human Resources & OD

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Human Resources	3.592	3.794	0.202
Democratic Services	2.369	2.201	(0.168)
Registrars & Coroners	0.931	0.947	0.016
Communications	0.590	0.651	0.061
Elections	0.449	0.511	0.062
Legal	2.295	2.306	0.011
Tourism, Culture, Leisure & Heritage	11.297	11.231	(0.066)
Total Human Resources & OD	21.523	21.641	0.118

NOTES - Year End Variances of £0.500 million or more

There were no significant variations from budget in excess of £0.500 million.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Place

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Economy & Regeneration	5.871	5.701	(0.170)
Executive Director of Place	0.403	0.459	0.056
Head of Local Services	19.504	19.510	0.006
Housing & Public Protection	4.134	3.537	(0.597)
Neighbourhood Services	10.614	10.495	(0.119)
Waste PFI Contract	9.702	8.709	(0.993)
Planning	6.787	6.422	(0.365)
Technical Services	19.563	19.843	0.280
Total Place	76.578	74.676	(1.902)

NOTES - Year End Variances of £0.500 million or more

- **Housing and Public Protection Services**

The underspend is mainly due to the receipt of right to buy receipts totalling £0.120 million which were not included in the budget. The ten year stock transfer profit share agreement for former Berwick-upon-Tweed Borough Council Housing ended on 1 November 2018, and the amount to be received during the year was uncertain. There was also an underspend of £0.289 million on salary budgets primarily as a result of vacant posts.

- **Waste PFI Contract**

The underspend is mainly due to the innovative use of e-power auctions to sell the electricity from the energy from waste plant, which secured a higher price than included in the budget.

NOTES - Year End Variances of £0.500 million or more

- **Technical Services:**

- Home to School transport - £1.260 million underspent

There has been significant effort to review transport routes and to maximise and maintain the efficiency of the school transport network. This has meant that general school transport costs have been lower than the budget and this has offset the increased costs associated with the introduction of free Post 16 transport. The school transport budget was increased by £1.4 million to allow for the introduction of the new post 16 transport policy. However, Post 16 transport take up has been lower than expected, particularly for year 13 students who had already made their own transport arrangements last year and opted to continue with their own arrangements rather than seek provision from the Council. It has also been possible to accommodate a significant proportion of post 16 transport requirements through the existing school transport network arrangements at minimal additional cost. It is anticipated that take up will increase next year as further cohorts of pupils move into post 16 education; and, awareness of the scheme increases.

- Winter services - £0.740 million overspent

Despite a relatively mild winter, due to individual daily conditions and low confidence forecasts where temperatures are likely to be at or around freezing, there were more gritting runs than in an average winter. Over the winter period there has also been 1 major county wide snow event and a further 3 snow events covering the north and west of the County which required farmer and contractor assistance. Together these have increased expenditure by £0.200 million. There has also been additional legacy costs from the previous severe winter in terms of haulage and labour costs of replenishment of salt stocks (£0.250 million) and additional fleet and gritter refurbishment costs (£0.300 million).

- Construction - £0.443 million overspent

There has been a shortfall in the recovery of costs from labour utilised mainly on the capital programme and this is a result of a variety of issues; including, higher levels of sickness than included in the budget, which means that salary and overhead costs are not fully recovered as expected. Significant issues were experienced with the new software implementation which combined with the complex interactions of capital and revenue in the accounts affected the ability to forecast the outturn accurately earlier in the year. These issues have now been rectified.

A review is underway and will include an assessment of the recovery rates for 2019/20 and the processes followed when expenditure is recharged to capital in order that these issues do not re-occur.

- Highway Maintenance - £0.587 million overspent

Following the significant deterioration of the road network as a result of the severe winter last year there has been additional expenditure incurred repairing potholes. During 2018/19 there were 63,779 potholes repaired compared to 58,240 the previous year which equates to an additional cost of approximately £0.200 million. There has also been additional spending of £0.237 million on a combination of emergency incidents (where cost recovery has not been possible); and, additional traffic management costs for events and highway tree maintenance which cannot be recharged. The contract in relation to the A69 has achieved a surplus of £0.105 million but this is less than the budget of £0.222 million by £0.117 million.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Other Corporate Expenditure and Income

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Corporate Items	(52.972)	(56.494)	(3.522)
Treasury Management	(27.541)	(25.851)	1.690
Capital Financing	122.812	120.875	(1.937)
Corporate Funding	(346.721)	(350.288)	(3.567)
Total Other Corporate Expenditure & Income	(304.422)	(311.758)	(7.336)

NOTES - Year End Variances of £0.500 million or more

- **Corporate Items**

This budget includes the general contingency budget which had a balance at the end of the year of £2.600 million. The other major variance in this area relates to the over-recovery of pension deficit recharges from grant funded budgets amounting to £0.447 million.

- **Treasury Management**

The Treasury Management budget has an overspend of £1.690 million mainly due to the underachievement of interest receivable, which is due to the number and value of loans granted being lower than expected.

- **Capital Financing**

The underspend in this area relates to an underspend on the MRP charge of £0.327 million following a review by Link Asset Services.

There was an underspend on interest payable of £1.981 million due to the early repayment of some loans and a lower level of borrowing than anticipated was required. This is offset by an overspend on fees relating to capital receipts of £0.373 million.

- **Corporate Funding**

The Corporate Funding underspend mainly relates to additional Section 31 grants due to the Council of £2.620 million in relation to Business Rates, including £1.040 million for the Council's share of the surplus on the national Business Rates levy account which was announced in December 2018.

There was also a surplus on the income retained in relation to renewable energy of £1.095 million.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 12 Provisional Revenue Outturn - Detailed budget summary by Service

Service: Housing Revenue Account Expenditure and Income

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Housing Management	5.597	5.188	(0.409)
Housing Special	0.581	0.420	(0.161)
Repairs and Maintenance	7.402	7.274	(0.128)
Housing Capital Works	0.575	0.401	(0.174)
Other HRA Services	14.888	12.933	(1.955)
HRA Income	(29.783)	(29.652)	0.131
Total HRA Expenditure & Income	(0.740)	(3.436)	(2.696)

NOTES - Year End Variances of £0.500 million or more

- **Other HRA Services**

The underspend in this area relates to £0.527 million reduction in dwelling depreciation as a result of the actual discount factor for social housing remaining at 42% rather than rising to 44% as was the assumption in the budget. Reduction in provision for bad debts of £0.511 million due to the delay in roll-out of Universal Credit across Northumberland. £0.300 million underspend on Revenue Contributions to Capital which were identified for the purchase and repair of a Sheltered Housing Scheme at Allendale now being funded through the investment reserve. £0.290 million reduction in interest payable on HRA loans due to PWLB rates being lower than anticipated. £0.168 million increase in interest receivable on HRA balances, the estimate being based on lower anticipated balances. £0.149 million underspend on HRA contingency provision not called upon in year.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.